

CIA/OER/S-06291-74 **WEST GERMAN EMPLOYMENT DATA**  
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CENTRAL INTELLIGENCE AGENCY  
WASHINGTON, D.C. 20505

CIA/DER/S-06291-74  
8 July 1974

MEMORANDUM FOR: Mr. Milton Tulkoff  
OSD/PANE  
Department of Defense  
SUBJECT : West German Employment Data

Attached is the information you requested to supplement labor force data forwarded to you by our office on 20 June. If you have further questions, you may contact me

[Redacted]

Chief  
Western Europe Branch  
Industrial Nations Division  
Office of Economic Research

Attachment: a/s

Distribution: S-6291  
Original + 1 - Addressee

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DEPARTMENT OF STATE

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## PROGRAM

to be Filed in Decentralized Files.

FILE DESIGNATION

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INDICATION

no.

: DEPARTMENT OF STATE

: BERLIN, BREMEN, DUESSELDORF, FRANKFURT, HAMBURG,  
 MUNICH, STUTTGART, GENEVA, EC BRUSSELS, NATO  
 BRUSSELS, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE,  
 HELSINKI, LONDON, LUXEMBOURG, OSLO, ROME,  
 STOCKHOLM, VIENNA

: AmEmbassy BONN

DATE: JUNE 3, 1974

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: Recent Collective Bargaining and Wage Developments

: A-107, Mar 1, 74

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During the first quarter of 1974 more than 10 million blue and white-collar workers in the public services, railroads, postal services, metal manufacturing, construction, printing, chemical, textile and coal industries and retail trade obtained pay increases averaging 11-14 percent through union negotiated contracts which favored workers in the lower income brackets. The most significant change in working conditions, a result of a long strike by Bremen metal workers, provides new employment security for older workers between the ages of 55 and 65. Wage demands reflected a more militant attitude by union leaders, who ignored repeated warnings by the Government, Bundesbank, economic experts and management associations that wage increases exceeding 10 percent would not only generate new inflationary pressure, but would also endanger jobs. Following the pattern-setting union negotiated wage breakthrough in the public services and subsequent settlements in major private industries, the Federal Government was forced to revise its economic projections for 1974. It now estimates aggregate

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earnings per employee in 1974 will be 12-13 percent higher than in 1973, compared with original projections of an 8.5-9.5 percent increase as of the late fall of 1973. By the end of June the unions expect the renegotiation of wage agreements with similar results for another more than 2 million employees in the clothing, part of the chemical industries, private banking and insurance. According to Government estimates, labor costs per unit rose at a seasonally adjusted annual rate of 13.6 percent in the fourth quarter of 1973. END SUMMARY.

#### Bargaining Settlements

On February 13, the Government and the DGB Public Service Workers Union agreed on a compromise pay increase of 11 percent or a minimum of DM 170 per month retroactive to January 1, and valid for one year. The Government commented that consent for the agreement was given "only with the most serious misgivings," while Public Service Workers Union President Kluncker said "we have reached a fair compromise. There were no winners or losers." Before the talks broke down negotiations had been made extremely difficult by the wide gap between the original union demand for a 15 percent pay increase plus a DM 300 per year leave allowance and a "final" Government offer of only 9 percent. The Chancellor and other members of his Cabinet stressed on several occasions that wage increases of 10 percent or more were unacceptable for the Government.

This wage dispute also reflected a more militant stance and higher wage demands of the union leadership who wished to avoid a repetition of last year's wave of wildcat strikes when young workers, union militants and leftists rejected union negotiated contracts and led wildcat strikes. The narrow margin by which the settlements were approved in subsequent referendums showed worker dissatisfaction with settlements which fell short of the high expectations raised by the original demands of the union leaders.

The minimum increase resulted in a restructuring of wage and salary schedules in favor of public service workers in the lower wage brackets. The Railroad Workers Union estimates that the pay increase for railroad workers averaged 14 percent as a result of the minimum increase and additional heavy work allowances which the union obtained for specific groups of railroad workers.

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Metal Manufacturing: Regional wage agreements in the metal manufacturing industry covering over 4 million blue and white-collar workers throughout the FRG and West Berlin were terminated on December 31, 1973, while the metal workers union and the employers' association waited for the outcome of the wage negotiations in the public services. A settlement was eventually reached when the parties, as in previous years, resorted to their voluntary conciliation machinery set up under collective agreements. A comparatively quick settlement was achieved in North Rhine-Westphalia where both parties accepted a conciliation proposal largely in line with the settlement for government employees. This agreement provides an 11 percent pay increase effective January 1, an additional 2 percent effective November 1, an increase in annual leave of two working days, an increase in the annual leave bonus from 30 to 50 percent of a one-month salary, and additional adjustments for the lower wage brackets. The agreement is valid until December 31, 1974.

The North Rhine-Westphalia metal agreement did not have the immediate effect of a pattern-making settlement for the metal industry throughout the FRG. A few days earlier a regional conciliation board for the Bremen metal industry approved a proposal against the votes of the management representatives on the board providing a 14 percent pay increase. After a strike and long and difficult negotiations under a new special conciliation procedure, the conciliation board unanimously agreed on a compromise formula offering less than the original proposal. The new agreement provides for an 11 percent pay increase retroactive to January 1, to be raised to 12 percent effective April 1, and 13 percent effective July 1, along with new employment security provisions for older workers age 55 to 65, two days more annual leave and an increase in the leave bonus from 30 to 50 percent.

At the beginning of the Bremen strike, union leaders in the other Laender preferred to await the outcome of the Bremen negotiations before reaching an agreement, but when they realized that stalling would not improve their position because a strike in Hesse, Baden-Wuerttemberg and Bavaria with their large automobile plants would help the automobile producers cut production at the expense of union strike funds, agreements were reached covering about 90 percent of the metal workers in the FRG and West Berlin. These agreements were based on the settlement in North Rhine-Westphalia with certain modifications in fringe benefits allowing for local conditions.

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After the settlement in Bremen, agreements following the Bremen pattern were concluded in Hamburg, Schleswig-Holstein and Lower Saxony, except at Volkswagen, which settled on the basis of the North Rhine-Westphalian formula.

Other Industries: Negotiations in the construction industry reached a settlement behind closed doors without accompanying public debate and without inciting rank and file militants. The agreement, covering more than 1.3 million workers, includes an 11.2 percent pay increase, effective May 1 and valid for one year.

In the printing industry, the parties agreed on a conciliation proposal granting an 11.3 percent wage increase, effective April 1 and valid for one year.

Regional wage agreements were renegotiated in retail trade in Bavaria, Hamburg and North Rhine-Westphalia with pay increases averaging 12-13 percent.

Collective bargaining negotiations for about 300,000 employees in private banking are still stalled. The union demands a 10 percent wage increase plus an additional DM 70 per month. The Banking Employers' Association advised its member firms to grant its employees a "voluntary" 11 percent pay increase effective March 11. The unions, Commerce, Banking and Insurance and German Salaried Employees, opposed this "unilateral management decision", but apparently are undecided to push harder by threatening a strike in view of the poor organization and lack of militancy among banking employees.

A similar situation, affecting about 200,000 employees, is developing in private insurance, where the management representatives on a conciliation board voted against a proposal providing a 12 percent pay increase or a minimum of DM 165 per month effective April 1, and an additional 2 percent effective December 1.

The Public Service Workers Union (OeTV) also renegotiated wage agreements for local employees of the NATO forces in the FRG providing for an 11-13 percent pay increase, retroactive to January 1, and valid for one year.

In collective bargaining negotiations in the chemical industry, the union obtained regional settlements in

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Rhineland-Palatinate, Hesse and Northern Rhineland, providing for a 12 percent or a certain minimum increase, effective April 1, valid for one year. Chemical industry negotiations in the other areas are still going on and will probably result in similar settlements, perhaps with some minor modifications.

Recently, the unions also renegotiated one-year wage agreements granting raises of 12.1 percent in hard coal mining and averaging 12.5 percent in the textile industries. Unions and employers' associations are still engaged in tough collective bargaining in the clothing industry where a settlement along similar lines is expected shortly. The major wage round for 1974 has thus been virtually completed.

#### Strikes

**Public Services:** Public service workers held a three-day selective strike which in its final phase idled over 150,000 employees in public utilities, railroads and postal services. Although this strike escalated gradually into the FRG's largest postwar public services work stoppage, it involved only about 10 percent of government employees and was targeted on specific areas and sectors. Reports indicated the selective strike actions were effective and without serious incident.

When the regional metal employers' association rejected a conciliation proposal, the union called a regional industry-wide strike idling more than 50,000 workers in the Bremen metal manufacturing industry (mostly shipyards and electronics) for almost three weeks. The employers declared their readiness to settle on the basis of the North Rhine-Westphalian agreement, but the union leadership, challenged by rank and file militants, decided to strike in support of the more favorable regional conciliation proposal which included employment security for older workers. However, when confronted with strong management resistance, it accepted the employers' offer to activate second instance conciliation machinery. A new referendum showed that only 32 percent of the strikers accepted the proposal, a narrow but sufficient margin for the union leadership to call off the strike since the union constitution requires approval of at least 25 percent to ratify an agreement after a preceding strike.

Union leaders maintain, however, that the strike was a full success since it enabled the union to secure a pattern setting protective clause for older workers, age 55 to 65, which had not been subject to negotiations in North Rhine-Westphalia.

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Development of Wages, Labor Costs and Prices

The major increase in negotiated wage rates, which went far beyond original government projections, will raise average annual earnings per employee in 1974 12-13 percent over 1973, according to recently revised government estimates. The latest monthly report of the Federal Economics Ministry showed average hourly earnings per employee (blue and white-collar) in manufacturing in the fourth quarter of 1973 14 percent over the fourth quarter of 1972. Output per man-hour increased only 5.5 percent in this period, which means an 8 percent increase in unit labor costs. Cost push inflation is expected to continue during 1974.

Average gross hourly earnings of production workers in manufacturing in October 1973 were DM 8.39, an 11.1 percent increase over October 1972. Weekly earnings of production workers in October 1973 averaged DM 360, 10.4 percent more than a year ago. Between October 1972 and October 1973 average monthly salaries of white-collar workers in manufacturing, commerce, private banking and insurance rose 12.4 percent for males, and 11.6 percent for females.

The consumer price index showed the following rates of increase over the corresponding months of the previous year: January, 7.4 percent; February, 7.6 percent; and March, 7.2 percent. The Federal Government holds that 2.4 percentage points of the consumer price index increase are due to higher prices for mineral oil products.

Future prospects are viewed more pessimistically because of the inflationary impact of major wage increases negotiated under recent contract settlements. Economic research institutes estimate an average 8.5-9.5 percent increase in the consumer price level in 1974 over 1973. Economic research institutes forecast that nominal disposable income will increase by at least 10 percent in 1974. Although nominal hourly earnings will exceed the increase in the consumer price index, growing number of workers may suffer losses in real income this year because of reduction of overtime, the introduction of short time and the impact of progressive tax rates in the absence of tax reform. The tax tables have not been adjusted since January 5, 1965, but earnings of workers, which have almost doubled since then, now equal middle class incomes of that year. Consequently, workers are suffering from the progressive tax rates.

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For example, an average industrial worker earning DM 822 per month in 1965 paid an income tax of DM 101,60 (12.4 percent) if single, or DM 29,30 (3.6 percent) if married with two children. However, in October 1973, the same worker earned DM 1,560 per month but had to pay an income tax of DM 289,20 (18.5 percent) if single, or DM 170 (10.9 percent) if married with two children.

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## WEST GERMANY: WORKERS ON SHORT TIME

1973 (Thousands)

January	17.5
February	16.2
March	26.3
April	29.7
May	23.6
June	18.0
July	11.2
August	11.3
September	36.3
October	67.8
November	105.2
December	161.3

1974

January	267.9
February	309.3
March	256.2
April	211.5
May	222.8

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## WEST GERMANY: HOURS WORKED PER WEEK BY BLUE COLLAR EMPLOYEES

	1970		1971		1972		1973		January 1973		April 1973		July 1973		October 1973		January 1974	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Total Industry	44.8	40.7	43.9	40.5	43.6	40.3	43.5	40.2	43.2	40.2	43.7	40.4	43.7	40.3	43.7	40.1	42.4	39.5
Utilities	44.7	42.2	44.5	42.1	44.0	42.1	43.0	41.5	42.8	41.5	43.3	41.8	43.0	41.5	42.7	41.3		
Mining	42.7	--	41.7	--	40.6	--	41.8	--	42.3	--	41.9	--	41.5	--	41.5	--		
Basic & Producers Goods	45.2	40.3	44.1	40.0	43.9	39.9	44.1	40.4	43.8	40.4	44.5	40.5	44.4	40.3	44.3	40.4		
Investment Goods	45.1	40.7	44.0	40.0	43.2	40.3	43.5	40.4	43.3	40.1	43.7	40.5	43.4	40.2	43.6	40.5		
Consumer Goods	44.3	40.7	44.0	40.4	43.9	40.2	43.5	39.9	43.4	40.0	43.8	40.2	43.5	40.2	43.2	39.3		
Food and Food Processing	46.8	42.3	46.6	42.4	46.1	42.0	45.9	41.6	45.0	41.4	45.8	41.6	46.3	41.9	46.5	41.9		
Construction	44.7	42.8	44.1	42.5	43.6	41.9	43.1	41.7	41.8	41.2	42.9	41.5	43.7	41.7	43.6	42.7		

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## WEST GERMANY: UNEMPLOYMENT\*

	West German Total	REGIONS WITH US MILITARY PRESENCE												
		Hessen		Rheinland-Pfalz, Saarland		Baden- Württemberg		Nordbayern		Südbayern		Berlin (West)		
		Thousands	Percent	Thousands	Percent	Thousands	Percent	Thousands	Percent	Thousands	Percent	Thousands	Percent	
1964	169.1	0.8	10.0	0.5	11.6	0.7	4.8	0.2	22.8	1.4	25.3	1.3	11.7	1.3
1965	147.4	0.7	9.7	0.5	10.8	0.7	4.8	0.2	21.2	1.3	22.5	1.2	8.1	0.9
1966	161.1	0.7	11.2	0.6	12.5	0.8	6.5	0.2	20.9	1.3	19.7	1.0	6.7	0.7
1967	459.5	2.1	31.9	1.6	42.0	2.8	24.2	0.7	57.7	3.6	43.6	2.3	14.9	1.6
1968	323.5	1.5	21.0	1.1	30.8	2.1	13.1	0.4	39.4	2.5	33.7	1.8	9.8	1.1
1969	178.6	0.9	11.6	0.6	16.4	1.1	7.2	0.2	20.8	1.3	21.3	1.1	5.4	0.6
1970	148.8	0.7	10.8	0.5	13.6	0.9	8.1	0.2	17.6	1.0	19.3	1.0	5.0	0.6
1971	185.1	0.8	14.2	0.7	15.1	1.0	13.1	0.4	21.1	1.3	22.1	1.1	7.4	0.8
1972	246.4	1.1	19.6	1.0	18.7	1.2	15.6	0.5	22.4	1.4	24.0	1.2	10.8	1.2
1973	273.5	1.2	20.9	1.0	21.2	1.4	18.3	0.5	22.6	1.4	29.0	1.4	10.0	1.2
Ju 73	216.6	1.0	17.6	0.9	16.9	1.1	14.7	0.4	13.1	0.8	17.0	0.8	7.9	0.9
Au 73	221.9	1.0	18.5	0.9	17.1	1.1	15.6	0.5	13.8	0.8	18.9	0.9	7.4	0.9
Se 73	219.8	1.0	18.2	0.9	16.9	1.1	16.1	0.5	13.4	0.8	18.3	0.9	7.0	0.8
Oc 73	267.0	1.2	21.1	1.0	20.8	1.3	20.6	0.6	16.6	1.0	23.0	1.1	8.6	1.0
No 73	331.8	1.5	25.0	1.2	26.5	1.7	24.8	0.7	22.3	1.3	32.5	1.6	11.2	1.3
De 73	485.6	2.0	34.6	1.7	41.0	2.6	34.5	1.0	45.8	2.8	58.8	2.8	16.3	1.9
Ja 74	620.0	2.9												
Fe 74	620.0	2.9												
Ma 74	562.0	2.7												
Ap 74	517.0	2.4												
Ma 74	457.0	2.1												

\*Monthly data are not seasonally adjusted.

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WEST GERMANY: WAGES OF BLUE COLLAR EMPLOYEES  
(Marks Per Hour)

	1970		1971		1972		1973		January 1973		April 1973		July 1973		October 1973		January 1974	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
	Total Industry	6.49	4.49	7.25	5.05	7.89	5.53	8.76	6.16	8.37	5.84	8.61	6.02	8.89	6.26	8.93	6.30	9.03
Utilities	6.71	4.85	7.79	5.63	8.72	6.26	9.62	6.84	9.06	6.40	9.55	6.79	9.81	6.93	9.74	6.98		
Mining	6.55	--	7.26	--	7.84	--	8.64	--	8.12	--	8.25	--	8.83	--	8.95	--		
Basic & Producers Goods	6.69	4.85	7.38	5.42	7.98	5.91	8.87	6.55	8.43	6.15	8.74	6.28	9.02	6.71	9.00	6.75		
Investment Goods	6.48	4.62	7.29	5.28	7.92	5.77	8.80	6.40	8.49	6.15	8.75	6.36	8.88	6.46	8.88	6.49		
Consumer Goods	6.14	4.36	6.83	4.85	7.47	5.33	8.33	5.96	7.86	5.61	8.18	5.76	8.47	6.09	8.52	6.12		
Food and Food Processing	5.88	4.05	6.63	4.52	7.30	4.99	8.08	5.51	7.58	5.18	7.89	5.39	8.15	5.59	8.35	5.67		
Construction	6.67	4.92	7.43	5.39	8.12	6.20	8.98	6.54	8.61	6.54	8.61	5.97	9.11	6.51	9.25	6.89		

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